

Message Text

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DRAFTED BY: COM/DIBA/OIM/246: DRHENDERSON

APPROVED BY: EB/OCA/REP: GPWILSON

COMMERCE: FBDENT

DIB: THDOBBIN

DAS/DIB: MVANGESSEL

OIM: EJKRAUSE

OIM-246: DEWESTLEY

NEA/INS/STATE: DBORN(SUBS)

EB/CBA/OCA: RCSCISSORS

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R 131951Z SEP 73

FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

UNCLAS STATE 182174

FOR AMBASSADOR MOYNIHAN

EO11652: N/A

TAGS: BEXP IN

SUBJ: INDIAN INTERNATIONAL FAIR, NOVEMBER 14-
DECEMBER 13, 1974.

FROM SECRETARY OF COMMERCE DENT

REF: (1) NEW DELHI 9233, 8/8/73

(2) A-287, 8/9/73

(3) A-513, 12/15/72

(4) A-1349, 2/9/72

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1. I APPRECIATE YOUR STRONG AND ENTHUSIASTIC SUPPORT

FOR COMMERCE'S EXPORT PROMOTION EFFORTS AND AGREE FULLY THAT THE EXPANSION OF ECONOMIC AND COMMERCIAL TIES BETWEEN THE U S AND INDIA IS AN IMPORTANT OBJECTIVE; HOWEVER, I QUESTION WHETHER THIS OBJECTIVE COULD BE APPRECIABLY FURTHERED BY A MAJOR COMMERCE-SPONSORED PARTICIPATION IN THE INDIAN INTERNATIONAL FAIR.

2. OUR EXPORT PROMOTION PROGRAMS ARE FUNDED WITH THE SPECIFIC OBJECTIVE OF SIGNIFICANTLY INCREASING U.S. EXPORTS. WHILE THESE PROGRAMS ARE PARTIALLY SUBSIDIZED, THEY REQUIRE SUBSTANTIAL COSTS TO BE INCURRED BY U.S. COMPANIES IN ORDER TO PARTICIPATE. UNLESS THERE ARE REASONABLE ASSURANCES THAT U.S. COMPANIES COULD OBTAIN A SATISFACTORY RETURN ON THEIR PROMOTIONAL COSTS, COMMERCE CANNOT COMMIT SUBSTANTIAL PROMOTIONAL RESOURCES FOR, NOR WOULD INDUSTRY SUPPORT, SUCH AN EVENT. I BELIEVE THAT THE INDIAN INTERNATIONAL FAIR IS NOT THE MOST SUITABLE VEHICLE FOR PROMOTING SALES FOR U S COMPANIES, ESPECIALLY THOSE NEW TO THE INDIAN MARKET. MOREOVER, OUR EXPERIENCE HAS SHOWN THAT U S INDUSTRY WOULD NOT SUPPORT COMMERCE PARTICIPATION IN SUCH AN EVENT FOR THE FOLLOWING REASONS: THE LONG DURATION OF THE FAIR; THE EXTREMELY BROAD PRODUCT MIX; THE GENERAL PUBLIC CHARACTER OF THE ATTENDANCE; LACK OF IDENTIFIABLE HARD CURRENCIES TO SUPPORT SALES; THE GENERALLY UNATTRACTIVE OPPORTUNITIES RELEVANT TO FOREIGN INVESTMENT AND TIGHT IMPORT AND EXCHANGE RESTRICTIONS.

3. I CONSIDER OUR PRESENT TECHNIQUES OF DEVELOPING MARKET RESEARCH STUDIES, AND PLANNING AND PROGRAMMING TRADE MISSIONS AND CATALOG SHOWS A BETTER FOCUSED AND MORE SUITABLE APPROACH TO TAKING ADVANTAGE OF THE RATHER LIMITED TRADE OPPORTUNITIES CURRENTLY AVAILABLE IN THE INDIAN MARKET. THESE TECHNIQUES ARE ALSO CONSIDERED TO BE APPROPRIATE IN TERMS OF THE LEVEL OF SUPPORT THAT U S INDUSTRY IS WILLING TO GIVE TO EXPORT EFFORTS IN THE INDIAN MARKET AT THIS TIME. I HAVE NOTED FOR EXAMPLE THE SUCCESS, WITH STRONG EMBASSY SUPPORT, OF THE RECENT RAILWAY MISSION WHICH FOLLOWED THIS APPROACH.

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4. COMMERCE, OF COURSE, STANDS READY UNDER THE GUIDELINES GIVEN IN THE REFERENCED A-1349 TO LEND ITS SUPPORT TO AN EMBASSY EFFORT TO ORGANIZE A LOCALLY SUPPORTED COMMERCIAL PRESENCE IN THE FAIR BASED ON PARTICIPATION BY U S FIRMS ALREADY IN THE INDIAN MARKET.

5. I CONSIDER YOUR PERSONAL INVOLVEMENT AND CONCERN TO

BE A MAJOR ASSET TO OUR COMMERCIAL PROGRAMS IN INDIA AND
WELCOME THIS AND FUTURE OPPORTUNITIES TO REVIEW WITH YOU
VARIOUS CONSIDERATIONS AFFECTING THOSE PROGRAMS. RUSH

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